# FOREIGN AGRICULTURE

Spanish olive oil promotion.

September 16, 1974

## Argentina Has Big Grain Crop

## World Fishmeal and Oil

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

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This week's cover:

Australians at an exhibit in Melbourne learn about the uses of Spanish olive oil. Such market development activities by U.S. competitors are increasingly strong, as article on page 10 indicates.

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# Argentine Grain Crop Bountiful; Expansion Seen for New Season

By JAMES W. WILLIS
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ARGENTINE grain producers, closing out a bountiful 1973-74 harvest that is helping to offset shorter-than-anticipated crops in other grain-producing countries, are planning to expand their plantings of wheat, feedgrains, rice, and pulses in the 1974-75 marketing year.

The Argentine Government, taking official note of strong world demand for grain and the country's sizable potential for expanding future production, has posted higher prices for wheat, sorghum, and corn.

In addition, the Government plans to expand the country's 10 million tons of grain storage capacity by 8 million tons over the next 3 years, and to construct 40 new cargo ships for the grain export trade.

Producer deliveries of wheat to the National Grain Board (the official Government grain buying and selling agency) indicate a total harvest for the 1973-74 marketing year (December-November) of 6.7 million tons—only 200,000 tons below the 1972-73 harvest but produced on 24 percent less acreage than the previous crop.

Of this harvest, 6.2 million tons are bread wheat, and the remaining 500,000 tons are Durum. In mid-July, 1.2 million tons of the 1.6 million tons of exportable bread wheat had been contracted, but only one-fourth of the quantity sold had been shipped by July 1.

Delays in contracting wheat for export, plus shipping postponements, resulted in an accumulation of 3.75 million tons of wheat in storage facilities by June 1. The country's 10 million tons of grain storage capacity was clearly insufficient to store this crop as well as the bumper grain sorghum crop, not counting the large oilseed harvest.

The current lack of storage space is expected to result in a considerable loss of the 1974 sorghum crop, due to spoilage, resprouting, and heavier grazing of areas sown for harvesting grain. Although 3.1 million tons of grain sorghum have been sold for export and 460 tons will be needed for seed and for compound feed, the National Grain Board had by July 19 received only 2.75 million tons to cover both export and domestic requirements.

Corn is not as susceptible to weather damage as sorghum. but a further extension of the harvest date possibly affected corn yields as well as quality, and output will be limited to no more than 9.9 million tons.

Lack of sorghum to meet needs of mixed feed compounders, and a price margin of only 10 pesos per 100 kilos in the domestic market versus 20 or more pesos in the export market should increase domestic corn consumption. Such a rise could limit corn exports in the 1974-75 marketing year (April-March) to 5.7 million tons. As of July 22, the Grain Board had sold 5.4 million tons of corn for export.

An increase of 38 percent in rice production should provide 80,000 tons of rice (milled equivalent) for export.

Dry bean production is booming. Strong international demand, coupled with a 40 percent increase in production and an absence of export taxes, is expected to enable exporters to ship 91,000 metric tons of dry beans—primarily Alubias—during 1974, compared with 60,500 tons during 1973. Although output of other dry pulses is up, dry peas are the only other type of pulses that will be exported in significantly larger volume than in 1973. Dry pea exports are estimated at 6,000 tons, up sharply from the 100 tons shipped in 1973.

TOTAL AREA sown to wheat for the 1974-75 marketing year is believed to be about 20 percent higher than in the 1973-74 marketing year, primarily due to higher prices for wheat as compared with alternative farm enterprises such as cattle raising. If high yields are maintained. total wheat outturn should reach 7.5 million tons.

Significant increases in 1973-74 corn

*Part of Argentina's excellent harvest of 1973-74 grain crops is being stored in farm silos like those at left. Lambs, top, are turned into cornfield to graze. Workers, above, at Balcarce Experiment Station hoe young corn.*

and grain sorghum prices would ordinarily result in an expansion in the total area planted to coarse grains, since the rise in input costs has been limited through Government price controls and prices should continue to be raised in line with increases in production costs.

However, farmers—especially grain sorghum producers—may be reluctant to expand their planted areas greatly, due to marketing problems arising this season from insufficient storage capacity and delays in export shipments.

The estimate of 1973-74 bread wheat production may now be increased to 6.2 million tons, since 5.8 million tons had already been delivered by July 19, and 400,000 tons probably will be retained on farms or was delivered in late July.

A price differential of 18 pesos per 100 kilos between present wheat prices and those already set for the coming harvest will likely encourage farmers to hold some of the remaining supplies for delivery next season or for planting in the following season.

The official Durum wheat production figure of 610,000 tons probably will not be reached, as only 346,815 tons had been delivered to the Grain Board by July 19. The Board, sole buyer of wheat, extended the period for purchasing 1973-74 crop wheat until July 31, but it appears that no more than about 150,000 tons remained on farms in mid-July. The Durum harvest, as a result, is estimated at no more than 500,000 tons.

THE NATIONAL Grain Board is the sole buyer of corn and grain sorghum, but deliveries of coarse grains to the Grain Board do not reflect the final outturn of the 1974 corn and grain sorghum crops because of storage problems in several areas.

The Grain Board should be purchasing more corn if the official estimate of 9.9 million tons is correct, because only 6.1 million tons of corn had been delivered to the Board by July 19. Since more than 5.4 million tons of corn have been sold for export and an estimated 4.5 million tons will be needed for domestic consumption, the Board has maintained a tight rein on exports.

Only 2.75 million tons of sorghum had been delivered to the Grain Board by July 19, even though foreign sales total 3.1 million tons and about 460,000 tons probably will be needed for seed and mixed feed manufacturers.

The Grain Board, possibly anticipating more grazing of weather-damaged sorghum in fields and reduced deliveries from farmers, began to restrict further export sales in the latter part of June so that sorghum supplies could better be determined. Although the latest official production estimate was 6.7 million tons, a final outturn of no more than 5.5 million tons seems likely.

Since producer prices of 1973-74 (December-November) crop rye, barley, oats, millet. and birdseed are not as attractive as those for coarse grains, deliveries of these grains to the Board have been relatively small.

Production levels for these crops are difficult to estimate. Export movements largely reflect prices, not necessarily

availabilities, since the quantities consumed locally vary widely from year to year.

These increases in support prices, which may be increased later, exceed the 45 percent rise in production costs during the 12-month period prior to April 1974. Due to Government price controls, production costs should not rise as rapidly in coming months, and prices will likely be increased to cover these costs. The Government's decision to raise the price of fuel was the primary factor responsible for increased production costs over the past year. No large increases are now anticipated in production costs in the near future.

Excessive rain in many areas delayed harvesting of coarse grain crops on land that was to be sown to wheat, and the availability of seeds remains uncertain. Nevertheless, the 26 percent increase in tractor sales during the first quarter of 1974 and an increase of about 15 percent in seed sales in the northern growing zones are indicative of a more optimistic attitude toward increased plantings in this farming sector.

FARMERS in the main production zone, primarily the southern part of Buenos Aires Province and in La Pampa Province—which together account for over 60 percent of the total wheat area—did not start sowing until late July. Some will probably increase flaxseed sowings due to higher prices, but this diversion should not prevent farmers from increasing wheat plantings by about 2.5 million acres above last season's low level of only 10.7 million acres.

Prices set for next season's harvest should be more attractive than previous producer prices. since farmers will receive no deductions for transportation charges and again will incur no administrative costs. In the past, some farmers in distant production zones had to incur transportation charges of as high as 10 pesos per 100 kilos.

Wheat farmers use little, if any, fertilizer, so the higher cost of fertilizer will not influence sowing. Assuming an area harvested of 4.7 million hectares (about 12 million acres) and another year of good yields averaging about 1,600 kilograms per hectare, total wheat outturn of about 7.5 million tons seems probable.

A high degree of support for wheat relative to other winter grain crops will likely encourage producers of rye, barley, and oats to decrease areas sown to these crops and switch to wheat, since production costs are roughly the same and wheat yields are usually higher.

Final support prices for the 1973-74 grain and grain sorghum crops are 43 and 53 percent, respectively, above the previous year's level at harvest time, and are much nearer to international market prices than in the past year.

Insufficient storage capacity has been a persistent problem for many years, but this year it has been more acute due to a large coarse grain harvest which followed an unexpectedly large wheat outturn and coincided with a 102 percent larger soybean crop.

Nonetheless, higher prices should encourage an expansion in corn area to the projected 4.6 million hectares (about 12 million acres) and sorghum area to 3.5 million hectares (about 9 million acres). Farmers will be less inclined to plant soybeans, due to difficulties in harvesting. a lack of inputs for growing this more intensive crop, and poorer producer prices. As a result, some may switch to corn or sorghum production.

High land taxes and cattle prices that have remained at the same level fixed more than a year ago may encourage some shifting from the more extensive types of cattle production to more coarse grain crops. An increase in the area planted could result in a 5 percent increase in corn outturn to 10.5 million tons, and a 14 percent increase in grain sorghum output to 5.7 million tons—provided good yields are obtained.

The area sown to coarse grains could easily exceed the levels estimated, if prices continue to be fixed at higher levels, but no yield increases are anticipated without increasing the use of fertilizer or other necessary inputs.

Although no official export data have been published for June, ship movements indicate that bread wheat exports during the first 7 months of the 1973-74 marketing year (beginning December 1) were 88 percent below the same period of a year earlier.

Exportable supplies (deducting the portion imported last season to fulfill contracts previously signed) are 400,000 tons lower this season than last. Also, the Grain Board has been careful not to oversell in view of last season's inability to cover export commitments and shipping problems once export sales commenced.

As of mid-July, about 1.2 million tons from this year's bread wheat exportable supply of 1.6 million tons had been contracted and only about 290,000 tons of this total had been shipped.

Argentina signed a contract to ship 250,000 tons of wheat and 500,000 tons of corn to the People's Republic of China (PRC) prior to December 1974. These sales are part of the agreement signed December 28, 1973, whereby Argentina will ship 3 million tons of unspecified grain (1 million tons annually) to the PRC during the 1974-75 period.

Bolivia cancelled an agreement to import 30,000 tons of wheat and 20,000 tons of flour (wheat equivalent) from Argentina, and North Korea also cancelled its 150,000 ton wheat agreement with the Grain Board. North Korea later contracted for 50,000 tons through a private company that had purchased wheat from the Grain Board to make this sale.

Argentina sold Uruguay 40,000 tons of wheat under an earlier agreement whereby Argentina was to ship 85,000 tons of wheat to Uruguay this season.

Durum wheat sales during the first 7 months of the 1973-74 marketing year totaled 266,200 tons, 12 percent more than the quantity shipped during the same period a year earlier. Most of the Durum wheat exportable supplies were contracted by the Grain Board under government-to-government contracts, as only 79,000 tons have been sold through private trade tenders.

Rye is the only fine grain for which export movements continue to exceed last year's level significantly. Argentina shipped large amounts of rye early in the marketing season to Portugal and to the USSR. Exports of barley, oats, and birdseed during the 1973-74 marketing year closely match the levels shipped during the same period of the 1972-73 marketing year.

As of July 22, the Grain Board had sold for export 5.4 million tons of corn and 3.1 million tons of grain sorghum —roughly 95 percent of the estimated total 1974-75 exportable supply of coarse grain.

THE RISE in world prices at the end of July, coupled with a reduction in export taxes, would normally result in further export sales, but deliveries of course grains from producers in recent weeks have not been sufficient to create additional exportable supplies.

Sorghum deliveries at 2.75 million tons by mid-July represent 89 percent

of the quantity already sold for export, and the Board probably will need to purchase an additional 460,000 tons of seed to cover requirements for compound feeds.

Practically all the corn delivered thus far has been sold for export or to local feed manufacturers. Another 1 million tons of coarse grain exportable supplies could remain on farms, but this additional volume may not move to the Board if farmers decided to feed much of the remaining portion of their harvested grain—especially if it is damaged for any reason.

When the Grain Board became the exclusive marketing agent for 1973-74 bread wheat crop in November 1973, prices for grain delivered to the Buenos Aires market were fixed 67 pesos for Hard bread wheat and 65 pesos for Semihard bread wheat.

Producer prices for Durum wheat were fixed at 75 pesos per 100 kilos on November 7, 1973, and corn and grain sorghum producer prices were fixed at 65 and 55 pesos per 100 kilos, respectively, on November 7, 1973.

Producer prices for corn were raised to 67 pesos per 100 kilos on May 16, 1974, and sorghum prices were increased to 58 pesos. Rye, barley, and oats are not under Grain Board control, and continue to reflect the free market. Producer prices for fine grain normally represent the difference between world prices minus export taxes and a discount for exchange rate differentials and exporters' fees.

Several changes in Government grain policies have occurred in recent months. Argentina's new 3-Year Plan assigns to the agricultural sector the task of increasing grain production in order that grain exports may exceed the 1969-72 level by 74 percent. To reach the production level necessary to create these exportable supplies by 1977, the agricultural sector must expand at a rate of 6.5 percent annually—about twice the average rate of the past 10 years.

These goals will be difficult to achieve considering the limited area of arable land available, and the small use of fertilizer and other important inputs. However, a continuation of high fixed prices, coupled with a low rate of inflation for inputs, could lead to an average growth of about 500,000 tons per year for the next 3 years for each of the three grain crops for which goals have been established.

Continued on page 12

# Multilateral Trade Negotiations Approach Bargaining Stage

PREPARATIONS ARE continuing as planned for multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT), and substantive bargaining might begin this fall if negotiating authority is received from the United States and the European Community. (See July 16, 1973, and June 10, 1974, issues of *Foreign Agriculture.*)

Following the Inaugural Ministerial session in Tokyo last September, which formally opened the GATT negotiations, participants have been sticking closely to the analytical and statistical work program laid out by the 90-nation Trade Negotiations Committee (TNC). They have, however, tended to avoid substantive discussions on negotiating procedures because of lack of negotiating authority in the United States and the European Community.

The TNC, which is responsible for planning and supervising the negotiations, wound up its third meeting in Geneva July 17-18 with expectations that actual bargaining might begin in late October. This expectation was based largely on the statement by the U.S. delegate, Ambassador Harald B. Malmgren, that "the Administration has reason to believe that the [United States] Trade Bill will be in hand by the end of September."

Additionally, numerous delegates recognized the need for negotiations is greater now than at the time of the Tokyo Ministerial meeting because of international economic circumstances.

At the July 17-18 meeting, the TNC adopted the reports of the four subgroups established in February 1974 (those on agriculture, nontariff barriers, tariffs, and tropical products); agreed on a work program for October, including further preparatory work in all except the tariff subgroup; activated the subgroups on sectors and safeguards; accepted GATT Director Oliver Long's indicative list of substantive questions as a useful basis for stimulating preparatory work in TNC member capitals; and agreed to meet again toward the end of October in expectation that meaningful negotiations could begin at that time.

The developing countries played an active part in these TNC discussions. They reiterated the importance of ensuring differential tariff and nontariff treatment for their exports to take into account their development needs and called for full participation of the United Nations Conference on Trade and Development (UNCTAD) in all future work of the TNC. No decision was reached on the latter issue.

The program and schedule of further statistical and analytical preparatory work to be completed between now and the October TNC meeting is as follows:

**October 3-4 — Nontariff Barriers Group.** Consideration of Brazilian proposal for differential treatment for export incentive measures used by developing countries and for countervailing duties applied by developed countries against developing countries' products.

**October 8-9 — Sectors Group.** Consideration of general methodological principles as to how sector negotations might be approached.

**October 10-11 — Agricultural Group.** Consideration of differential treatment for developing countries; consideration of data still to be collected on certain additional products, principally at request of the Tropical Products Group and including global examination of the fats and oils sector; and consideration of ways to proceed to negotiations on health and sanitary regulations; and consideration of tasks to be undertaken with other groups, especially the Tariff and Nontariff Barriers Groups.

**October 15-16 — Tropical Products Group.** Consideration of work being done in other groups, and consideration of further technical work still needed on a number of products.

**October 17-18 — Safeguards Group.** Consideration of the technical and analytical work on a multilateral safeguards system.

Also, between now and the next meeting of the TNC, member governments will examine the indicative list of questions suggested by the GATT General Director as a useful basis for preparatory work to be undertaken by the TNC members. These questions, in part, are designed to elicit member government views on the structure and organization of the negotiations.

# World Fishmeal and Oil Output Recouping From 1972-73 Shortfall

By ROSS L. PACKARD
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RESUMPTION OF anchovy fishing in Peru is bringing recovery in world supplies of fishmeal and oil from the resounding shortfalls of 1973.

World production of each commodity in 1974 is pegged to rise about one-fourth above last year's, and 1975 will witness further expansion, provided conditions are favorable in anchovy fisheries off the coast of Peru. Trade in fishmeal and oil should thus recoup from the reduced levels of the past two seasons, negating some the world supply problems linked to that decline.

The decline was caused by shifting of the Peru (Humboldt) current in 1972-73 and its replacement with unusually warm waters; these discouraged plankton growth needed to sustain the vast anchovy population that normally frequents Peruvian coastal waters. As a result, anchovy fishing in Peru plunged more than 50 percent in 1972 and another 40 percent in 1973. This nearly halted the country's fish oil and meal production, which in previous years had accounted for about a third of world output. The result was a nosedive in exports and further aggravation to last year's soaring prices for these and other sources of meal and to a lesser extent, oil.

**Fishmeal.** If the fall fishing season in Peru is reasonably successful, world production of fishmeal this year should climb 25 percent above the reduced 1973 level to 4.4 million tons. Additional growth in 1975 could bring the total to 5 million tons, or not far off the record 5.3 million produced in 1970. By contrast, the output in 1973 was only 3.5 million tons, the lowest since 1965.

As in the past, most of the output will come from six major producer-exporters—Peru, Norway, South Africa, Chile, Denmark, and Iceland—which together are expected to produce 2.26 million metric tons in 1974. At 51 percent of world production, however, this share is well below the 62-63 percent held at the first of this decade, reflecting Peru's still diminished importance. If Peruvian production increases as expected, their share will probably be back up to around 57 percent next year.

World exports of fishmeal are estimated at over 2.2 million tons for a nearly 49 percent gain from last year's 1.5 million tons. That was the lowest export level since 1961 and had marked bearing on the high world prices for feed ingredients. Exports in 1975 may be as large as 2.7 million tons.

The six producer-exporters shipped almost 80 percent of the world total in 1973 and will likely expand this share to 85 percent in 1974. In earlier years, they accounted for an even greater proportion of world trade.

EVEN WITH its much reduced output, Peru in 1973 held the lead position among these countries, with a fishmeal production of 423,000 metric tons and exports of 351,000. During the first 5 months of 1974, Peru managed to surpass its full-year 1973 level, with a fish catch of 2.45 million tons and a fishmeal output of 540,000.

Assuming favorable conditions in the fall—when fishing resumes following the traditional summer halt or "Veda"—the final tally for Peru's 1974 production could be around 1.2 million tons. And with further improvement in the situation, a 1975 output of 1.7 million tons seems reasonable.

Such expansion would lead to fishmeal exports of around 1.1 million tons in 1974 and 1.5 million in 1975.

Regarding fishing conditions, the Peruvian Institute of the Sea recently released results of its May study. These recommended continued care in management of the resource and estimated the anchovy stock in the coastal waters at 5 million to 7 million tons—about the same as in November 1973. However, this study follows a 2.45 million-ton harvest, whereas there had been virtually no fishing prior to the November 1973 survey.

Offsetting some of the Peruvian recovery, Norway's fishmeal production in 1974 will fall about 20 percent from the 1973 level to an estimated 280,000 tons and probably remain there through 1975. The anticipated decline reflects increasingly stiff international and national catch restrictions on capelin (a member of the smelt family) and North Sea herring to ward against depletion of these species.

Norwegian exports of fishmeal will decline accordingly, slumping 20 percent to an estimated 260,000 tons in both 1974 and 1975.

South African production (including that of South West Africa) this year will be about the same or slightly under the 280,000 tons of 1973. In contrast to the poor results for Peru, South Africa last year saw its fishmeal production rise 14 percent owing to the appearance of abundant anchovies. This allowed the country to capitalize on rising prices resulting from the decline in Peru's anchovy catch.

South African exports in 1974 will also be at about the 1973 level. These are currently forecast at 175.000 tons, which will include exports from production on factory ships.

Chilean fishmeal output, because it is also influenced by the Humboldt current, parallels that of Peru. After falling to a 13-year low of 73,000 tons last year, it has recouped some in 1974 to a projected 120,000 tons. Further recovery to 200,000 tons is seen for 1975. However, this would still be considerably below the record 263,000 tons

*Loading bags of Peruvian fishmeal, production of which is moving back up following a sharp decline in 1973.*

that were produced in 1971.

The larger output will allow Chilean exports to increase to a projected 80,000 tons in 1974 and 100,000 in 1975. In 1973, such shipments fell to 50,000 tons —the lowest level since the early 1960's.

Fishmeal production in Denmark this year is estimated at or slightly above the 270,000 tons produced in 1973—a level that will probably also be maintained into 1975. Beyond that, however, the country will be caught up in problems involving the limited catch provisions that already have begun to affect Norwegian production.

Fishmeal exports from Denmark in 1974 are expected to be slightly above the 211,000 tons shipped in 1973.

Iceland produced about 100,000 tons of fishmeal in 1973 and will probably do as well or slightly better this year and next. One recent development in the Icelandic fishmeal industry has been the diversion of some capelin from processing for fishmeal into production of frozen fish for human consumption in Japan. As much as 40,000 tons of capelin could be sent to the Japanese market in 1974—or more than double the 1972 and 1973 levels and 10 times the tonnage shipped in 1971. Lack of freezing capacity in Iceland is apparently the only major factor limiting trade, and some sources believe that once this is overcome exports could grow to around 200,000 tons.

Exports of fishmeal from Iceland this year and next will probably be at around 100,000 metric tons. This would be above shipments in recent years but below record levels reached in the mid-1960's.

Countries other than the six major producer-exporters may have a combined fishmeal output of about 2.1 million tons in 1974—up about 4 percent from the 1973 level. Another slight increase is seen for 1975.

Japan and the USSR are leaders among these producers—both outproduced Peru last year—but neither export much, and Japan is actually a net importer. The United States produced 316,000 tons of fishmeal in 1973 and will likely do as well this year and next; in most years, however, this output has had to be supplemented by imports. Other important producers are Angola, the United Kingdom, West Germany, and Canada.

**Fish oil.** Production of fish oil in 1974 will recover even more sharply than that of fishmeal, rising some 28 percent to an estimated 1 million metric tons. As with fishmeal, the Peruvian shortfall was the prime contributor to an unusually small harvest in 1973—the lowest since 1965.

For this commodity, there are five leading world producer-exporters, including Peru, Norway, the United States, South Africa, and Iceland. These countries accounted for 54 percent of total world output in 1973 and will probably provide about two-thirds in 1974 now that Peru is back in the picture at more normal levels.

World exports of fish oil are also seen rebounding 28 percent from 1973 to around 550,000 tons. They may climb a further 100,000 tons in 1975 to about equal shipments in recent normal years. The major producer-exporters are expected to ship 430,000 tons in 1974 and 525,000 in 1975.

Peruvian production in 1974 will recoup sufficiently to regain the No. 1 position, which the country lost in 1973 as output plummeted to 40,000 tons—lower even than any annual output in the 1960's. If the favorable yields of oil obtained during the spring fishing season continue, Peru's output this year could reach 300,000 tons and then climb further to 340,000 in 1975.

As a result, fish oil exports from Peru are forecast to reach 150,000 tons in 1974 and 230,000 next year. In the last decade, such exports have ranged from a peak of 323,000 tons in 1968 to almost zero last year.

As with fishmeal, Norway will be affected by the lower quotas for capelin, which are seen depressing fish oil production in 1974 to about 160,000 tons, compared with 185,000 in 1973. In 1975, a slight increase could take place.

Norwegian exports in 1974 will probably drop to about 110,000 tons from the 123,000 of 1973, but next year they are expected to rebound to the 1973 level. However, these will be only about half the record shipments of 1967.

Fish oil production has been increasing in the United States after reaching a low of 54,000 metric tons in 1967. Output in 1973 exceeded 100,000 tons, and this year it will probably reach 120,000. Production in 1975 should at least equal this year's.

U.S. exports of the oil appear to be on a 100,000-ton plateau for this year and next, following a near-record shipment of 108,000 tons in 1973.

South African fish oil production in 1974 is estimated at 72,000 tons, unchanged from 1973. Next year, production could be slightly higher. The country's exports in 1974 will probably about equal the 40,000 tons shipped in 1973, which is well below the record 106,000 tons of 1968.

ICELANDIC PRODUCTION of fish oil is recovering after reaching a low of 11,000 tons in 1971. It is currently running at around 30,000 tons—still only one-fourth of the peak output of 1966. About all of this is being exported, and shipments are expected to total 30,000 tons this year and next—also off sharply from the peak levels of the mid-1960's.

Fish oil production in other countries will probably run somewhat lower in 1974 than for 1973. However, this could be modified if in some cases recent higher prices make it more attractive to produce the oil rather than buy it on the world market.

These other countries—mainly Denmark, Angola, and Japan—will export about 120,000 tons of fish oil in 1974, down from 132,000 last year. Next year's shipments should be up slightly.

The leading importer of fish oil is the United Kingdom, which in 1973 bought 207,000 tons. West Germany is the second largest importer, with 117,000 tons in 1973; however, that was the lowest volume since 1967, when less than 100,000 tons were imported.

# Consumers Face Higher Prices For Cocoa and Chocolate Products

By REX E. T. DULL
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WORLD COCOA CONSUMPTION has been undergoing an expansionary trend reflecting rising population and higher income levels. But because of unfavorable growing conditions in many of the major producing countries, the 1973 and 1974 world crops have fallen short of consumption needs and cocoa prices are at an alltime high.

Only a short time ago U.S. consumers became aware that vending machine candy bars had jumped from 10 cents to 15 cents with little or no change in bar size. Now, because of record high cocoa bean prices and high costs of other candy bar ingredients such as sugar, nuts, and milk, manufacturers have indicated that they are planning to raise prices further to 20 cents.

Besides paying higher prices for confectionery ingredients, manufacturers are also paying more for labor, packaging, and transportation. Normally in times of high cocoa bean prices, manufacturers have varied bar weights and increased usage of cocoa butter substitutes and extenders, such as coconut and soybean oils, to keep confectionery retail prices stable. But today, these commodities are also selling at very high levels.

A combination of several factors has caused this tight supply and record price situation, which in turn boosted cocoa bean prices (N.Y. spot "Accra") to a peak of $1.30 per pound in early May, more than double year-ago levels. However, the price dropped to $1.06 by the end of August.

Increasing world demand for cocoa in recent years and somewhat disappointing crops in West Africa because of unfavorable weather, have resulted in a substantial drawdown in world reserves. Currently, world stocks are estimated to be at very low levels—slightly more than a 2-months' supply, compared with more than a 7-months' supply in 1965 when cocoa beans sold for as low as 11 cents per pound.

In addition, prices have been buoyed by strong speculative market activity, as traders increased their purchases of commodities because of monetary uncertainties and inflation fears.

This spring there was strong demand for nearby deliveries of cocoa. Manufacturers in consuming countries reduced their inventories in anticipation of lower prices that did not materialize, and had to buy at much higher levels to keep production lines running. Also, the USSR had been buying heavily, putting further pressure on the market.

The world market for cocoa is far from the saturation point, however. While the United States and Western Europe are still the largest consumers, rising income levels and more liberal import policies have greatly stimulated consumption in Eastern Europe and the USSR. Japan has also been using more cocoa in recent years.

But most consumers will use less cocoa and chocolate in 1974 because of high prices and tight supplies. This is already being reflected by lower grinding reports from most leading importing countries. U.S. cocoa bean grindings for the January-June 1974 period were down over 16 percent from a year earlier, and West European grindings also were smaller.

U.S. grindings during the January-June 1974 period totaled 126,417 metric tons, down from the 1973 half year total of 151,275 tons.

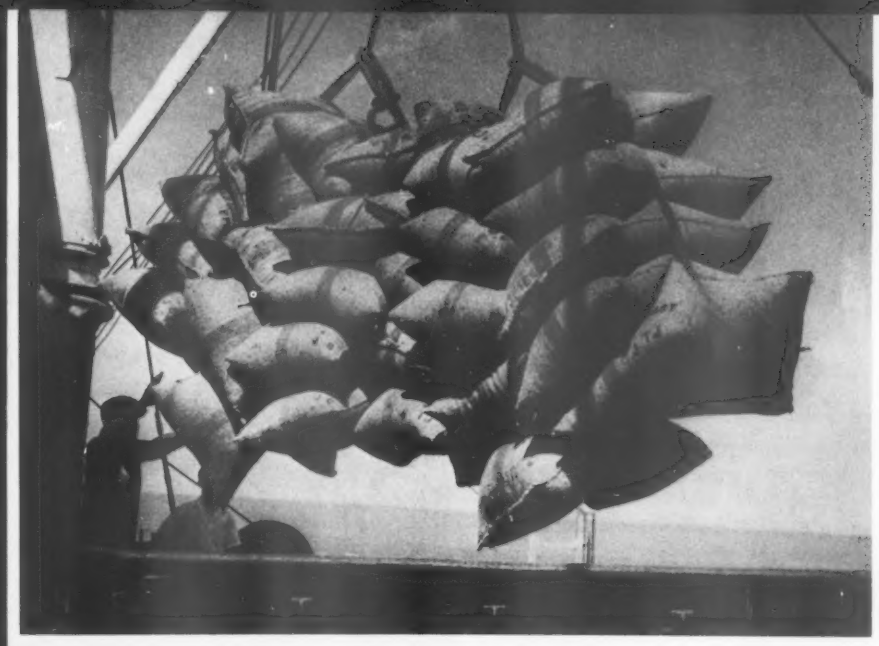
West German grindings amounted to only 68,880 metric tons, representing a drop of nearly 15 percent from the 6-month 1973 level of 80,537 tons.

Netherlands grindings in the first half of 1974 were 61,460 metric tons, down 4.5 percent from the corresponding 1973 level of 64,360 tons.

Export earnings from cocoa will be up sharply for producers this year, but this also means higher import costs for consuming nations. The United States, as the world's largest importer and consumer, accounting for over one-fourth of the total, will pay considerably more this year for its imports of cocoa and chocolate than the record $312 million spent in 1973. Despite lower volume, the value of U.S. imports of cocoa beans and products during the first 7 months of 1974 totaled $306 million, 56 percent above the corresponding 1973 period.

Producer earnings from exports of cocoa beans and products will likely approximate a record $1.5 billion in 1974, up from an estimated $1 billion last year and $850 million in 1972. During the period of lower prices in the 1960's, producer export earnings averaged about $600 million annually.

The higher cocoa price levels and



*Above left, a young Nigerian farmer planting cocoa trees in a newly cleared field. Above, a load of cocoa beans being swung aboard ship at Takoradi, Ghana, enroute to its export markets. Most of Ghana's cocoa crop is shipped from Takoradi and Tema. Left, a Ghanaian farmer covering a pile of cocoa beans prior to fermentation. This process increases the fat content of the beans and gives them a better flavor.*

revenues do not necessarily mean that growers have had everything their way. Producers face sharply rising costs for chemical sprays, fertilizers, and for labor. Also, producing countries are now paying considerably more for imported goods from the industrial nations. Higher world prices for petroleum products have also hurt most producers. However, Nigeria—a large oil exporter as well as a large cocoa producer—has fared much better in this respect than other cocoa growing nations.

The course cocoa prices will take during the remainder of 1974 is largely dependent on two factors—the size of the 1974-75 main crops to be harvested this fall, and the level of cocoa grindings in consuming nations.

World cocoa bean production for the October 1973-September 1974 crop year is placed at about 1.42 million metric tons, only marginally higher than the 1972-73 harvest of 1.39 million, but well under the record 1971-72 level of 1.57 million tons.

World cocoa bean grindings in 1972 were a record 1.56 million tons, and 1973 grindings were slightly lower at 1.54 million. Although the 1974 grind is forecast to fall well below 1.5 million tons, inventories will again have to be drawn down to meet 1974 consumption needs, following an unusually large stock drawdown last year.

It is unlikely Brazilian growers will match their record 1973-74 harvest. So U.S. consumers will have to look to West Africa if there is to be an improvement in the supply situation. The African main crops are now near the end of their critical development stages, and rainfall thus far for the 1974-75 harvest has been adequate. Last year, rains were delayed and below normal, and consequently the harvests in Ghana and Nigeria—the world's largest cocoa growing countries—were reduced in size.

High prices experienced over the past year certainly should give growers more incentive to improve cultural practices, such as pruning and insect and disease control measures. But shortages and high prices of fertilizers will limit their use on cocoa. As it takes from 3-5 years to obtain yields from new plantings, good weather conditions are needed if there is to be an improvement in supplies this year.

The International Cocoa Agreement (ICA), that came into force on June 30, 1973, has had little influence over the cocoa market during its first year of operation. The purpose of the Agreement was to stabilize cocoa bean prices within a range of 23-32 cents per pound by using export quotas, which are reduced as prices fall, and a buffer stock from which sales are to be made when prices approach the upper end of the range.

However, the export quotas were never used as cocoa prices remained well above the ICA price range and the buffer stock has not been able to accumulate cocoa because of tight supplies. (The United States is not a member of the ICA).

At a March meeting of the Cocoa Council—the governing body of the ICA—most of the 43 member nations agreed that the price range needed further consideration in view of current market conditions, and because of world inflation and increased costs of production. Growers are anxious to raise the price range to sharply higher levels, while consuming nations are reluctant to do so.

With the outlook that cocoa prices will remain at high levels for some time, consumers will have to become accustomed to higher confectionery prices. Producing countries will undoubtedly increase plantings, but it will be several years before these trees will come into production. And much of the increase will probably be negated by larger demand resulting from rising population and higher income levels in consuming nations.

# U.S. Export Competitors Upping Promotion of Their Farm Products

By SUSAN D. BROWN
*Planning and Evaluation,*
*Foreign Market Development*
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TODAY'S STRONG demand for agricultural products has yet to cause complacency among U.S. competitors, who are spending more than ever on promoting their farm products in export markets.

From $63 million in fiscal 1966, market development expenditures by the other major agricultural exporters [1] rose to over $135 million in fiscal 1973. Much of the increase in spending came in 1973, and current reports indicate yet another jump for fiscal 1974. U.S. competitors are convinced that export market development is a long-term responsibility, not to be influenced by short-term supply and price variations.

**Canada.** The largest increase—113 percent from 1972—in market development spending has come from this country, which has emphasized export growth by initiating a new Federal market development program in 1973. That program was designed to give financial incentives and assistance to projects originating in the private sector for products other than grains and oilseeds.

In the past, grains and oilseeds—because of their prime importance to Canadian export trade—have received the greatest share of Canadian market development funds. But because the commodities are bulk items not bought directly by consumers, activities employed most often have been team trips, utilization courses, and other trade-oriented efforts.

Among the team trips last year was one by Japanese livestock specialists, who spent 2 weeks in Canada assessing the dairy cattle, beef cattle, swine, and meat packing industries. Educational efforts have included sponsorship of the Canadian International Grains Institute, which conducts highly technical training courses for grains and oilseeds, as well as public relations programs directed at current and prospective wheat buyers from all over the world.

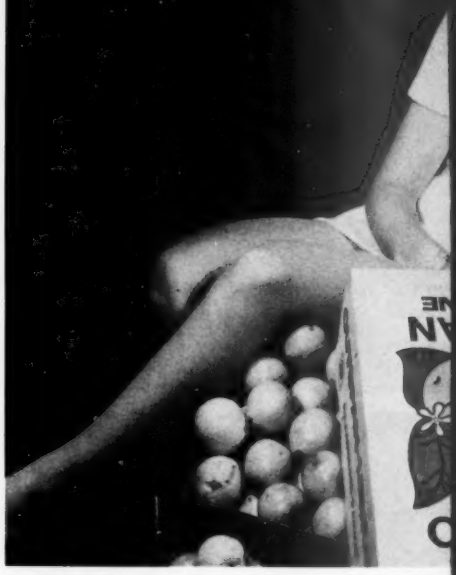
In addition, the Rapeseed Association of Canada concentrates heavily on the development of markets for rapeseed meal. In 1973, it published a bulletin dealing with the feeding of rapeseed meal to livestock and poultry, plus a film on the subject. Both were prepared in French, German, Italian, Spanish, Japanese, and English and distributed in the appropriate countries.

**Australia.** Recognizing the importance of agricultural exports to its economy, the Australian Government has for some time been involved in export market development. These efforts have accelerated over the years and are expected to continue to do so—despite the country's near-record foreign exchange reserves this year.

One recent move was enactment of a new exports incentive scheme—replacing a previous one that expired in June—to be effective for 5 years beginning July 1, 1974. The program consists of market development grants to firms willing to seek out and develop overseas markets and to participate in Government-sponsored promotions. Emphasis is on new firms and new markets, but all types of farm exports are eligible.

The Australian Government is also trying to stimulate exporter interest in the State trading countries of Latin America and Africa and has itself moved to develop trade relations with the People's Republic of China, the USSR, and other centrally planned economies. In addition, the Government provides assistance to overseas trade missions, and commodity boards carry out promotion activities for most major exports.

Of the latter group, the Australian Meat Board makes the largest single promotional outlay. This dominance reflects the big contribution of livestock and meat products to export earnings—some 25 percent of agricultural earnings in 1973.



Major targets of the Meat Board's promotional activities have included Japan, in recent years one of Australia's fastest growing meat markets; the Mideast; and certain countries of Latin America. Promotional activities in Europe have been mainly low-key public relations efforts. Those in North America have been limited to support of the Lamb Education Center, which is jointly sponsored by the Meat Boards of Australia and New Zealand and the American Sheep Producers' Council.

Individual Meat Board campaigns during the past year have ranged from promotion of Australian "chilled" beef

[1] **Includes expenditures by Canada, Australia, France, the Netherlands, Denmark, Israel, New Zealand, and South Africa.**

*Clockwise from above: Boxloads of Australian frozen beef arrive in an export market; a Japanese housewife inspects meat at a supermarket in Tokyo, where Australian meat is actively promoted to capitalize on the usually strong demand there; truckloads of Danish bacon, much of which will end up in the big British bacon market; and a promotion of South African oranges.*

at the consumer level in Japan, to a consumer education program in the Middle East, to a special "product launch" in Chile and Peru.

The Australian Dried Fruits Board has concentrated on such activities as baking contests and participation in overseas trade shows. The Canned Fruits Board has spent much of its budget—over half of which goes for overseas market development—on point-of-purchase promotions and publicity campaigns; and the Honey Board has participated in trade shows, conducted point-of-purchase promotions, and distributed literature on honey's importance and uses. Similar activities are undertaken by the Egg, Dairy Produce, and Wine Boards. In most cases, the major targets of promotional activities are the United Kingdom, Ireland, New Zealand, and Scandinavian countries.

**France.** SOPEXA, the French export agency, carries out most of the country's market development activities with the goal of maintaining a French presence in the large and traditional trade fairs while also developing new markets. Its budget for 1974 was increased some 10 percent; plans call for greater emphasis on promotions in the United States, Italy, Denmark, the Netherlands, and Japan and less emphasis in West Germany, Belgium, Sweden, and Switzerland. Main products stressed have been bakery products, pork products, frozen foods, food pastes, and apples.

In 1973, SOPEXA activities included point-of-purchase promotions, sampling, cooking demonstrations, and radio and television advertising. In addition, SOPEXA conducts "French Weeks" and minifairs to emphasize its products.

**Denmark.** Trade fairs are a major vehicle for Danish market development, and in 1973 the country's Agricultural Marketing Board arranged for participation in 12 fairs and exhibits. Often such efforts are followed up by point-of-purchase campaigns in supermarket outlets. In fiscal 1972, for instance, Danish participation in the French SIAL Fair was followed by store campaigns in all parts of France for Danish cheese, butter, canned meats, and salami.

Danish bacon is promoted in the big British market through demonstrations and sampling in food centers.

Cheese hase been promoted by the Danish Cheese Association in stores and in cooperation with food editors in the United States and Canada, as well as by the Danish Cheese Board in West Germany.

Also, Denmark capitalized on its new EC membership last year by reinstating poultry campaigns in West Germany.

**The Netherlands.** The Dutch frequently participate in trade fairs and shows and conduct point-of-purchase campaigns to promote their products. Here again, the United Kingdom is the target for large butter and cheese campaigns, while Dutch fruit and vegetable promotions have recently been strong in Sweden. "Dutch Weeks," for instance, are annually held in Swedish chains, during which fresh produce from the Netherlands is stocked in large display islands covered by colorful canopies. Dutch girls in native costumes often serve as hostesses.

The Dutch also conduct multicommodity programs, where demonstrators and materials are provided to the store group, as well as incentive programs for the trade and consumer.

**Israel.** This country is a major supplier of fresh and canned fruits and vegetables in Sweden and other European markets, and promotional activities center around these products. The Israeli Citrus Marketing Board (CMB), for instance, promotes its Jaffa oranges and grapefruits at point-of-sale promotions in retail chains. Current plans of the CMB include a display contest for

independent Dutch retailers, who will use materials supplied by the CMB to develop displays promoting Jaffa fruit.

**Spain.** This country is gradually coming upon the export market development scene, and today the Spanish Government, various quasi-governmental syndicates, and other trade groups support promotional campaigns abroad.

This year, the major portion of the Spanish market development budget is being spent on fruits and vegetables, olive oil, and olives—some of the country's top agricultural exports. Citrus promotion is concentrated in Europe (particularly the United Kingdom and West Germany), while olive oil promotion is emphasized in the United States, Canada, Australia, West Germany, and Swizerland. Types of promotional activities include trade fairs, trade missions and publicity campaigns.

**Major U.S. Markets.** Enlargement of the EC to include the United Kingdom, Ireland, and Denmark has caused some dramatic changes in these countries' farm policies and trade regulations and thus has had a major impact on their suppliers' promotional campaigns.

EC countries, for instance, have become increasingly active in the new member markets, with substantial gains in market development efforts by France, Germany, and the Netherlands. Also. countries that at present enjoy—or anticipate—associate membership in the EC are taking advantage of the new competitive situation; this is particularly evident in the Mediterranean producers.

Other nations, however, have been frustrated by a loss of preferential market access and are either developing new program strategies to counteract the impact of EC regulations, or are phasing out long-standing activities because of insurmountable trade barriers. Countries in this situation include South Africa, New Zealand, and Australia.

In the big U.K. market, the trend is toward more solo trade exhibits and away from in-store promotions. Direct advertising is the preferred technique in programs designed to reach the mass-consumer audience.

During fiscal 1973, 17 countries spent an estimated $18.4 million on market development here on such activities are:

- A new trade catering service by the Danish.
- Launching of a new West German program in which space is purchased from cash and carry (wholesaling) outlets to display successful products.
- Increased promotional activities by the Spanish Fruit Syndicate, including a reception in London by the Spanish tomato exporters for U.K. tomato importers.
- Efforts by the South African Deciduous Fruit Board to achieve a strong "Cape" brand identification for apples, pears, and grapes. These included a special sales force to introduce the fruit; provision of a complete merchandising package, including carrier bags, window displays, and produce display units; and self-adhesive toys to achieve brand identification at the consumer level.

In Japan, a record 34 foreign countries promoted sales of their farm products last year.

Unlike the United Kingdom, Japan is witnessing increased emphasis on point-of-purchase and consumer-type promotions in department stores and supermarkets. Accordingly, more stress is being placed on prepared and processed foods promotions, with wine frequently being featured. Also evident are increased promotional tie-ins with airlines; a greater number of foreign trade missions visiting Japan; and increased promotion of products from developing countries by the Japan External Trade Organization, whose objective it is to diversify primary product sources.

Some of the major activities carried out in Japan during 1973 included:

- Expansion in promotion of U.K. food products and opening of a British Export Marketing Center in Tokyo. Included in this promotional drive—which will extend until June 1975—are 30 trade missions from the United Kingdom to Japan, plus British participation in 16 Japanese exhibitions and 95 department store promotions.
- Establishment by West Germany of a Health Foods Department in the German Foods Import Association.
- The staging of some 32 fairs and exhibits by 20 countries—plus exhibits from Kenya, Peru, Bulgaria, Tanzania, and Indonesia sponsored by the Japan External Trade Organization.

With the large promotional efforts of traditional U.S. competitors reflecting, in most cases, sharp increases in budgets over the past few years—and the continuous appearance of new countries on the market development scene—the United States can look forward to a tougher struggle for foreign markets in years ahead.

## Argentine Grain Crop

*Continued from page 5*

Index prices were steadily reduced to follow the decline in world prices and to keep Argentine coarse grains competitive abroad and to continue supporting these grains. Lowering index values were not sufficient to keep Argentine coarse grains competitive in international markets at the higher support level, so the Grain Board reduced export taxes on corn in mid-July from 40 to 13 percent and dropped sorghum export taxes from 39 to 5 percent.

The reductions in export taxes stem from Government awareness that about 90 percent of the country's foreign exchange earnings are derived from agricultural exports and that grain production must be given additional support if the country is to maintain economic well-being in the short run as well as to reach its economic goals for the next 3 years.

At present, the industrial export picture is far from optimistic in view of the lack of investment, for companies have been caught in a squeeze between fixed prices for their finished products and rising input costs.

Probably encouraged by the reduction in export withholding taxes and improved prices abroad, the Grain Board resumed corn sales in the first week of July after stopping tenders to private traders in the latter part of May.

The excellent rice yields recorded in Entre Rios, the largest rice-producing Province, indicate that the 1974 crop will surpass the first official estimate of 315,000 tons (rough basis) and that a minimum 350,000 tons will be produced this year.

Milling yields obtained so far have not been good for Fortuna rice, but were average for other types. Since production may exceed the minimum level estimated, an average milling yield of 65 percent is being maintained for an outturn of at least 227,000 tons of milled rice equivalent. Fortuna rice should comprise about 50 percent of this year's harvest; Bluebonnet, 25 percent, and Blue Rose and short-grain rice the remainder.

A 31 percent increase in the total area planted to pulses and an improvement in yields of dry beans—the major pulse exported—resulted in an increase of 41 percent in dry bean supplies over the 1972-73 level.

# CROPS AND MARKETS

## LIVESTOCK AND MEAT PRODUCTS

### U.S. Red Meat Imports Down

Total U.S. imports of red meat for the first 7 months of calendar 1974 were 957.2 million pounds—down 8 percent from year-earlier levels. Included in this total are fresh, chilled, and frozen beef, veal, mutton, and goat meat subject to the Meat Import Law, canned and preserved meats, and other fresh, chilled, or frozen meats. Total imports for the month of July were 99.9 million pounds—down 34 percent from imports for the same month a year ago.

Imports of meat subject to the Law totaled 59.4 million pounds in July—down 44 percent from those of a year earlier. Total imports of meat subject to the Law for the first 7 months were 615.2 million pounds—down 12 percent from the corresponding 1973 period. Principal suppliers continue to be Australia with 284 pounds and New Zealand with 136 million pounds. Meat imports for the balance of calendar 1974 are expected to continue to be below 1973 levels. In addition to meat imported subject to the Law, 298 million pounds of canned and preserved meat were imported into the United States during the first 7 months of calendar 1974—up 3 percent over the corresponding 1973 period. Processed and canned beef and veal accounted for 97.4 million pounds of this total—up 17 percent from a year earlier.

Argentina continues to be the major supplier of canned and processed beef and veal to the United States with shipments totaling 64.9 million pounds through July. Beef and veal imports from Argentina for the corresponding 1973 period amounted to 43.2 million pounds. Most of the increase in imports from Argentina has been in the category of corned beef.

Pork, processed or canned, constituted 191 million pounds of the 7-month import total—down 2 percent compared to those of a year earlier. Principal suppliers of these commodities continue to be Denmark, the Netherlands, Poland, and Yugoslavia.

Imports of other fresh, chilled, or frozen meat were 44 million pounds for the first 7 months of 1974—down 21 percent, compared with imports for the first 7 months of 1973. This category is composed of fresh, chilled, and frozen pork and lamb meats. Major suppliers of meat imported under this category are Canada (fresh, chilled, and frozen pork) and New Zealand (fresh, chilled, and frozen lamb).

### France Resumes Sheep, Meat Imports

The issuance of certificates for the importation of sheepmeat and live sheep into France was resumed during the week of August 15. This is the first importation of sheepmeat and live sheep into that country since the week of July 11.

According to the meat intervention board in France, the import tax basis on which certificates were being issued is 4.90 francs per kilo (46.8 U.S. cents per lb.) for sheepmeat, and 2.45 francs per kilo (23.4 U.S. cents per lb.) for live sheep imported into France.

### Japan's Beef Import Quota

According to recent trade reports, fulfillment of Japan's special hotel beef import quota has been lagging, even in the face of heavy supplies and generally declining prices of U.S.-fed beef (the type and quality used in this quota) over the past several months. Supposedly this lag was due to oversight by U.S. exporters and/or some possible hinderances in the Japanese system of utilizing this quota.

However, the U.S. Attaché in Tokyo reports that fulfillment of the current annual quota in Japan is at the same rate or running slightly ahead of normal.

Japanese importers reportedly are reported to be preparing their request to the Japanese Government for imports under this special quota for the upcoming annual period.

## GRAINS, FEEDS, PULSES, AND SEEDS

### Japan Confirms Trade Agreement With Canada

On August 15, the Japanese Food Agency confirmed that agreement had been reached with the Canadian Wheat Board for the purchase of 1.5 million metric tons of wheat and 900,000 metric tons of barley for October 1974 through September 1975 delivery with 10 percent tolerance. Price data were not available.

### USSR Grain Harvest Improves

After a slow start, the USSR grain harvest has picked up in recent weeks with improved harvesting weather. As of September 2, 225.6 million acres, or three-fourths of the sown area (excluding corn), had been cut. This is about 10 percent greater than the average cut on the same date during the past 5 years. However, the threshing of windrowed grain continues to be slower than average. On September 2, 29.8 acres of grain remained in windrows, or about 6 percent more than for the same period during the previous 5 years.

### EC Ups Grain Export Levies

Recently, the European Community Commission substantially increased the export taxes on grains. Export taxes for soft wheat were increased from unit of account (u.a.) 40 per ton to u.a. 60 per ton (US$50.37 and US$75.55 per ton, respectively), and for barley, u.a. 15 per ton to u.a. 35 per ton (US$18.89 and US$44.07 per ton, respectively). Reasons for these drastic increases are reported to be strongly higher world market price levels and reduced production prospects for feedgrains in the United States. As a result of lowered U.S. prospects, the EC may need more of its own grains for livestock feeding.

EC domestic feedgrain prices are advancing parallel to U.S. corn prices at Rotterdam. New crop corn in France (November delivery) on August 27 was $157 per metric ton. When transportation costs from ports such at Rotterdam are included, the cost of French corn is close to the price of $163.50 per metric ton (November delivery) for U.S. No. 3 yellow corn delivered into the EC.

Expectations are that the current high asking prices for feedgrains will lower feedgrain consumption in the EC by 3-4 million tons below the 1973 level. A decrease in the use of feedgrains for feeding poultry, hogs, and cattle is foreseen.

### Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

| Item | Sept. 10 | Change from previous week | A year ago |
|---|---|---|---|
| | *Dol. per bu.* | *Cents per bu.* | *Dol. per bu.* |
| Wheat: | | | |
| Canadian No. 1 CWRS-13.5 | 5.60 | −25 | 6.14 |
| USSR SKS-14 | (1) | (1) | (1) |
| Australian FAQ[2] | (1) | (1) | (1) |
| U.S. No. 2 Dark Northern Spring: | | | |
| 14 percent | 5.52 | +2 | 5.82 |
| 15 percent | (1) | (1) | (1) |
| U.S. No. 2 Hard Winter: | | | |
| 13.5 percent | 5.44 | +8 | 5.72 |
| No. 3 Hard Amber Durum | 7.50 | −9 | 8.70 |
| Argentine | (1) | (1) | (1) |
| U.S. No. 2 Soft Red Winter | (1) | (1) | (1) |
| Feedgrains: | | | |
| U.S. No. 3 Yellow corn | 3.75 | −21 | 3.11 |
| Argentine Plate corn | 4.04 | −18 | 3.29 |
| U.S. No. 2 sorghum | 3.58 | −3 | 3.30 |
| Argentine-Granifero sorghum | 3.68 | −1 | 3.28 |
| U.S. No. 3 Feed barley | 3.21 | −14 | 3.05 |
| Soybeans: | | | |
| U.S. No. 2 Yellow | 7.98 | −38 | 7.40 |
| EC import levies: | | | |
| Wheat | 0 | 0 | 0 |
| Corn | 0 | 0 | .31 |
| Sorghum | 0 | 0 | .35 |

[1] Not quoted. [2] Basis c.i.f. Tilbury, England.
NOTE: Price basis 30- to 60-day delivery.

### Argentina's 1974-75 Wheat Crop Estimated

The first official estimate places area planted to the 1974-75 wheat crop in Argentina at 11.9 million acres, an increase of 14 percent over the 10.5 million acres planted a year earlier. The planting of bread wheat is nearly complete, while the sowing of Durum is expected to be completed by the end of September. Assuming average weather conditions, a crop of 7.5-7.8 million metric tons is indicated at this time. Argentina produced about 6.7 million tons in 1973-74.

### U.K. Grain Consumption Expected To Decrease

Although a record wheat crop of 5.4 million tons and a near-record barley crop of 8.9 million tons currently are projected for the United Kingdom, total grain consumption in 1974-75 is expected to be below that of last year. Total grain production for 1974-75 is now estimated at about 15.3 million tons, compared with 15.1 million last year. Total grain consumption at 22.2 million tons, however, will be somewhat below the 1973-74 level of 22.8 million. The latest estimate for total grain production is only slightly below the previous estimate of 15.5 million tons, but because of deterioration in the livestock situation, total grain consumption is now projected at 8 percent below the earlier estimate.

### Less Grain Consumed For Feed in West Europe

A recent survey of 10 West European countries indicates that estimated grain consumption for feed in those countries has been revised downward by 4 million metric tons, representing a 5 percent reduction from the August estimates. The decline was caused by increasing world grain prices brought on by reduced grain prospects in the United States. Grain consumption for feed in the 10 countries surveyed is now estimated at about 79 million tons, about 5 percent below the 1973-74 level.

## DAIRY AND POULTRY

### West Germany Requires Poultry Health Certification

The West German Government has passed a new regulation, effective November 1, 1974, requiring animal health import permits for the importation of live and slaughtered poultry and hatching eggs.

U.S. concern is with the regulation's effect on the import of poultry meat products. U.S. exporters of poultry meat products will have to supply the West German importer with the following statement signed by an official veterinarian: "The undersigned certifies that the above designated product comes from poultry which originates in flocks in the country of origin in which within 40 days of slaughter no outbreak of fowl cholera, fowl pest, or newcastle disease was noted officially and which is not quarantined because of outbreak of diseases communicable to poultry." Such certification must be made for each shipment and must include identification of the carrier.

The Animal and Plant Health Inspection Service of the U.S. Department of Agriculture advises that the new health certification can be met. However, identification of the exact ship or plane carrying each shipment—to be provided at the time of certificate issuance—could be burdensome.

## OILSEEDS AND PRODUCTS

### U.S. Palm, Coconut Oil Imports Still Lagging

U.S. palm and coconut oil (including the oil equivalent of copra) imports during the first 7 months of 1974 were only 496.1 million pounds, down 43 percent from the 874.3 million pounds in the corresponding period last year.

Coconut oil imports for the 7-months period this year totaled 291.7 million pounds, compared to 436.8 million pounds last year, and copra imports, on an oil basis, are only 37.6 million pounds against 194.2 million pounds in 1973.

Imports of palm oil also are lagging during the January-July 1974 period, totaling 166.8 million pounds, compared with 243.3 million for the corresponding period last year.

The lag in imports of coconut oil and copra has been to a large extent due to restrictive policies applied by exporting countries. Palm oil exports from West Malaysia have generally been running behind for the first part of 1974, but now that production has picked up, exports also are starting to move upward.

### Spanish Olive Oil Output Declines

Spain's 1975 olive oil production is now estimated by trade sources at 280,000 metric tons, 18 percent below the 465,000 metric tons produced this year. Following 2 successive years of relatively high-level production, a decline was expected this year as the olive trees resumed their usual biennial production cycle. In addition, unusually high temperatures during the first half of May damaged blossoms in many major producing areas and further reduced the crop. Total exports of olive oil in 1975 are forecast at 60,000 tons, down 30,000 from the estimated volume of 90,000 this year.

### Malaysia's Palm Oil Producers Group Continues

Despite strong rumors that the Malaysian Palm Oil Producers Association would disband on July 1, 1974, the organization will continue to operate under a modified policy. The new system allows individual producers to sell palm oil in the open market at the best prices obtainable.

Under the old system, producers were required to sell oil through the pool at prices determined by the Association. Proceeds from these sales were aggregated and then expenses deducted. The net value was redistributed among individual sellers according to the quantities supplied by each seller.

The broader functions of the Association, such as market intelligence, trade studies, promotional activities, and industry liaison will continue much as before.

West Malaysian palm oil production for the first half of 1974 is estimated at 382,000 metric tons, up 23 percent from the 311,000 in the same period last year. Exports during this period in 1974 were about 349,000 metric tons up 5 percent from the 332,000 in the same period in 1973. Exports from East Malaysia reached nearly 36,000 metric tons in the first 6 months of this year, up 8 percent from the 33,000 in the corresponding 1973 period.

## FRUIT, NUTS, AND VEGETABLES

### Dominican Republic Expands Tomato Area

The Dominican Republic's 1973-74 commercial tomato crop averaged 12 tons per acre on an area of approximately 19,500 acres. Current planting estimates for the 1974-75 season place cultivated area at around 20,500 acres.

Although tomato paste is the primary product produced by the five canning companies located in the Dominican Republic, tomato catsup and juice are also processed. Domestic consumption of tomato paste is estimated to have grown from 250,000 cases in 1968 to 605,000 in 1974. During the same period exports, which are shipped primarily to the United States and Canada, have grown from 23,000 cases to 230,000.

The field price set by canners for the 1973-74 season was $1.55 per 100 pound box of tomatoes harvested between January 15 and April 15 and $1.45 per 100 pound box for tomatoes harvested before and after these dates.

### Canada's Potato Area Up

Revised figures for Canadian potato plantings place the 1974 cultivated area at 279,400 acres, reflecting an increase of 10,700 acres over the previous estimate, and a 7 percent gain over the area planted in 1973. Prospective 1974 crop acreages and percent changes from last year by Province are: Prince Edward Island, 46,000 acres, up 10 percent; Nova Scotia, 4,400 acres, up 16 percent; New Brunswick, 58,000 acres, up 9 percent; Quebec, 53,000 acres, up 6 percent; Ontario, 42,500 acres, up 2 percent; Manitoba, 35,000 acres, up 17 percent; Saskatchewan, 3,500 acres, up 17 percent; Alberta, 23,000 acres, no change; and British Columbia, 14,000 acres, no change.

### West Germany Announces Flower Import Tender

West Germany has announced an import tender allowing imports of fresh, cut flowers other than tulips, hyacinths, narcissus, and orchids from the United States as well as many other countries.

Applications for import licenses will be accepted until an undisclosed value limit is reached, but not later than May 13, 1975. Licenses issued will be generally valid until May 15, 1975. If the value limit is reached or an import embargo established, licenses will become invalid 3 days after publication of notice in the *Bundesanzeiger*.

Imported flowers must meet quality standards of the European Community and existing phytosanitary requirements. The first day of customs clearance is October 1, 1974.

## GENERAL

### Destruction of Bridge Blocks Passage to Great Lakes

Destruction of a bridge across the Welland Canal has virtually closed the St. Lawrence Seaway. According to the Seaway Authority in Ottawa, Canada, on August 25, an empty ore carrier struck and toppled the vertical-lift Fort Robinson Bridge into the 26.8-mile Canal, blocking the waterway that links Lake Erie and Lake Ontario. As a result, the four upper lakes are inaccessible from the sea.

The St. Lawrence Seaway Development Corporation (the U.S. control agency) reports that this accident, combined with the 3-week-old strike of Canadian ships' officers, has made movement on the lakes almost nil and that 28 seagoing vessels are trapped in the upper lakes. Grain shippers reportedly already have begun to divert cargoes for rail movement.

### CCC Adds Commodities

Breeding Swine and Milled and Brown Rice have been added to the list of commodities eligible for export financing under the Commodity Credit Corporation (CCC) Export Credit Sales Program. Addition of these commodities became effective September 1.

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# Canada May Regulate Wine Import Labeling

The Canadian Department of Consumer and Corporate Affairs has published a proposed regulation under the Consumer Packaging and Labeling Act that would prohibit the importation of specified wines, spirits, and other items having geographic or semi-geographic names unless actually produced in the geographic locality indicated by the name. The regulation officially would recognize and protect a long list of appellations of origin, mostly French, as required by the familiar Madrid Convention of 1891, although Canada is not an adherent to the Convention.

The purpose of the regulation is to prevent consumer deception as well as "fulfill Canadian obligations under the General Agreement on Tariffs and Trade and a number of bilateral treaties," particularly the Canada-France Trade Agreement of 1933. The announcement provides no explanation for Canada's decision to implement the Agreement 41 years after its negotiation.

Regulated products are in three groups. Two of the groups include appellations protected internationally and within the original country, respectively, that may be imported only from the country of origin. Thus, burgundy-type wine may come only from France no matter how clearly the source of the item such as California Burgundy is indicated on the label. The third list permits importation of "generic" items if the actual area of origin is clearly shown. The products covered by the regulation are listed in Schedules III, IV, and V of the official proposal.

American wines that would be excluded include burgundy, chablis, champagne, chianti, rhine, sauterne, tokay, and possibly certain varietal wines for which the grape name includes geographical terms, such as gamay beaujolais. Port and sherry would be permitted.

Other items covered in the regulation are spirits, liqueurs, mineral water, beer, tobacco, cigars, cheese, and twenty other commodities.

The deadline for objections or other comments is September 27, 1974. The U.S. Department of Agriculture and other Government agencies are publicizing the proposal and, under State Department leadership, a strong official protest against the labeling regulation will be filed.

## U.S.-Norway Conclude GATT Negotiations

U.S. and Norwegian representatives in Geneva recently signed an agreement that concluded the General Agreement on Tariffs and Trade (GATT) Article XXVIII negotiations begun in 1969, when Norway proposed modification of two of its GATT tariff concessions.

Under the terms of the agreement, Norway has increased its tariff bindings on husked and polished rice from $1.70 per cwt. to $5.09 per cwt. and on other natural yeast from 3.4 cents per pound to 30 percent ad valorem. The agreement also provides for the following concessions on items of U.S. trade interest: Rice, elimination of the quantitative restriction; frozen orange juice concentrate, duty reduction from 2.1 cents per pound to 1 cent per pound; orange juice and grapefruit juice in retail containers (under 3 kilos), from 4.2 cents per pound to 2.1 cents per pound; and coffee extract, from 4.2 cents per pound to 1.7 cents per pound.

Even though a dispute over rebinding of the rice duty has delayed signing of the agrement, all tariff changes became effective April 1, 1972.

In the 2 years since the tariff's reduction, U.S. exports of frozen orange juice concentrate to Norway have grown in value from $513,000 in 1971 to $988,000 in 1973—although the majority of this trade is in the duty-free bulk trade.

Meanwhile, despite the higher tariff, the value of U.S. milled rice exports to the liberalized Norwegian markets increased from $20,000 in 1971 to $73,000 in 1973.



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